# US Army Corps of Engineers

## Asset Management

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# *Purpose of the Briefing*

- **Provide an update on asset management**
  - **At the Executive level: PMA, E.O., OMB**
  - **Within USACE: Real Property, CW Strategic Plan**

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# Agenda

- Foundational Directives
- Asset Management Key Elements
- Integration with:
  - OMB (PMA Scorecard)
  - Civil Works Strategic Plan, Goal 3
- Progress
- Resources Needed
- Benefits
- Conclusions

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# Federal Asset Management

- E.O. 13327:  Federal Real Property Asset Management; Feb 4, 2004
- Creates the Federal Real Property Council (FRPC)
- Establishes Senior Real Property Officers (SRPO) at agencies
- USACE:  leverage other federal agencies: NPS, BuRec, GSA, NASA, Navy
- Links:  CW SP, CFO Act, GIS

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# FRPC Guidelines

- Asset Management Plan
  - *Create a planned, systematic approach*
- Inventory of Properties
  - *Need to know what we have…*
- Performance Measures
  - *What condition it is in, how it is utilized…*

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# Why Asset Management? Managing a typical asset over a 50-year lifetime requires substantial resources

- Construction is only a small portion of the total cost of an asset over its lifetime.
- On-going maintenance needed to keep the asset operational over time requires additional, more substantial costs.

**Asset Life Cycle**

Plan → Acquire → Design → Construct → Operate/Maintain → Recapitalize → Dispose

| | |
|---|---|
| **2 - 4 years** | **50 years** |
| **20 - 30% of costs** | **70 - 80% of costs** |

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# Strategic Asset Management

***-USACE can incorporate stewardship & life-cycle concepts into its business practices***

-Strategic Asset Mgmt (SAM) Mentality

- –What do we own?
- –What is its value?
- –What is its condition?
- –What is required to sustain it over time?

***-Establish infrastructure baseline for CWSP Goal #3 & #4 to make informed budget decisions***

***-Uses FRPC guidelines to develop corporate asset management plan***

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# Civil Works Strategic Plan Implementation

CECW-I

amber

Assessment

| Team | Actions | Schedule | Resources | Manager |
|---|---|---|---|---|
| **Goal 1:** Sustainable Development | Broad actions identified (e.g.,planning guidance). Collaborative Planning EC completed. | Sep 05<br>Jan 05 | $25K + additional - unknown | Ken Orth, Harry Kitch |
| **Goal 2:** Environmental Restoration | Action items being followed up by team comprised of HQ, MSCs and ERDC members.<br>-IPR telcon meeting occurrred 3 Feb.<br>-Path forward: Biweekly dialogues among team members will begin. | Biweekly meetings Starting Feb 05 | Specified for Regulatory, Superfund, & FUDS | John Meador |
| **Goal 3:** Infrastructure Modernization | •Goal Team 3 national team VTC update<br>•AMP Project Management Plan signed<br>•AMP Offsite at Ft Belvoir<br>•Developing partnering agreement with NPS<br>•ERDC testing Facility Cond Index<br>•Hydropwer Benchmarking Pilot in NWD | 28 Jan 05<br>28 Jan 05<br>15-17 Feb 05<br>Mar 05<br>Mar 05<br>On-going | Continuing need for AMP contractor; Resources identified FEM for implementation | Brian Peckins |
| **Goal 4:** Emergency Management | Subcommittees of CoP have been/are being formed to implement several action items. High priority remains to develop plan to build capable workforce by 30 Sep 05. Other actions being reviewed for possible inclusion; at least one has already been completed. | National + per ongoing programs | Within ongoing programs | Lenny Kotkiewicz |
| **Goal 5:** Public Engineering | PDT met 20 Dec 04 with PMA POCs. Identified strategic action items in 5 PMAs warranting D/CW involvement & | Brief D/CW early Feb on proposed PMA | Goal 5 Chief & team members + 5 PMA | Don Basham, Michael |

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# Strategic Asset Management

***Q: What do we own? (liability)***

***A: Real and personal property assets in each Civil Works business line***

- *How* - Create an accurate asset inventory
- *Note:* E.O. only addresses real property; USACE is extending to include personal property

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# Strategic Asset Management

***Q: What is its value? (dollars)***

***A: $30B Infrastructure***

- *How* - Determine current replacement value (CRV)
  - Incorporation of CRV into primary metric for measuring condition (denominator of FCI)

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# Strategic Asset Management

***Q: What is its condition? (metric)***

***A: Facility Condition Index***

$$\frac{\textbf{\textit{Deferred Maintenance Cost}}}{\textbf{\textit{Current Replacement Value}}}$$

- *How* - Establish baseline condition

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# Strategic Asset Management

***Q: What is required to sustain it over time? (resources)***

***A: Managing time, money, people***

- *How* - Focus on the life cycle of an asset, not just the current state today

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# USACE PROGRESS TO DATE

- OMB “green” rating for 1Q 05 progress
- PDT established and meeting weekly
- PMP signed by CW OPS & RE COP
- RESNC inventory gap analysis completed
- ERDC testing of Facility Condition Index
- Partnering with NPS on MOU
- Off-site held at Ft. Belvoir 15-17 Feb *(quantifying scope, creating timeline, resources needed)*
- Drafting Asset Management Plan

- **Resources:** ***need contractor assistance for AMP, inventory upgrade, etc.***

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# Asset Management Benefits

- ***Strategic Planning and Management***
- ***Feeds into system for asset maintenance***
- ***Extends equipment/plant service life***
- ***Identifies and reduces maintenance labor and cost***
- ***Supports performance based budgeting***
- ***Critical tool for managing /prioritizing backlog***
- ***Creates efficiencies throughout the federal government***
- ***Creates opportunities for partnering***

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# Conclusions

- Greater magnitude than originally expected
- Need contractor assistance
- Multi-year, phased approach
- Inventory in good shape
- Metrics under development
- Future requirements (DOD, GIS)

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# Questions?

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